

Idaho Legislative Audits
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Panhandle District Health (I)

Management Report on Financial Procedures

Issued: August 23, 2004
Fiscal Year: 2002 and 2003



EXECUTIVE SUMMARY LEGISLATIVE AUDITS

PANHANDLE HEALTH DISTRICT (I)

PURPOSE AND SCOPE. We have audited the financial statements of the Panhandle Health District (I) for the fiscal years ended June 30, 2002 and 2003, in accordance with auditing standards generally accepted in the United States of America. The purpose of our audit is to determine if the District's financial statements are materially accurate and reliable, and that the District complied with laws and regulations affecting fiscal operations.

CONCLUSION. We conclude that the District's cash basis financial statements are materially accurate and reliable, and fiscal operations materially comply with related laws and regulations. As a result, we issued an unqualified opinion on the District's financial statements.

FINDINGS AND RECOMMENDATIONS. There are no findings and recommendations in this report. However, we did make suggestions for minor internal control improvements.

PRIOR FINDINGS AND RECOMMENDATIONS. The prior report covered fiscal years 2000 and 2001, and contained three prior findings and recommendations.

Prior Finding #1. The District did not always deposit receipts in a timely manner. Idaho Code, Section 59-1014 requires daily deposits of receipts if collections exceed \$200, and weekly deposits if receipts are less than \$200. The District held checks up to a week before deposit even though Idaho Code specified deposits should be made on the first business day following receipt. The amount of money ranged from a few dollars to \$560. Depositing receipts in a timely manner will ensure compliance with Idaho Code, reduce the likelihood of lost or misappropriated receipts, and increase investment earnings.

We recommended that the District deposit collections in accordance with Idaho Code.

The District is still having problems depositing funds in a timely manner. The District has implemented additional deposit policies and has a runner going to each receipt location in Coeur d'Alene to pick up receipts on a daily basis. However, divisions within the District, and even employees within the same division, are still not depositing funds in a timely manner. **Status: OPEN.**

Prior Finding #2. The District did not ensure compliance with federal suspension and debarment

requirements. Federal regulations (*OMB Circulars A-102* and *A-133*) require agencies to establish procedures to ensure that awards are not made to applicants who are debarred, suspended, or otherwise excluded from or ineligible for participation in federal assistance programs. The regulations state that non-federal entities are prohibited from contracting with vendors who are suspended or debarred if procurement contracts for goods or services are equal to or exceed \$100,000 and for all non-procurement transactions (i.e. subgrants). The District had no procedures or compensating controls in place to ensure compliance with these federal regulations.

We recommended that the District implement review procedures to ensure that participants and vendors are not listed as suspended or debarred from federal programs.

During the audit period the District implemented procedures to check, on a quarterly basis, whether any participants or vendors are listed on the federal debarred or suspended listing. **Status: CLOSED**

Prior Finding #3. The Senior Companion Program did not comply with several federal grant requirements. The Senior Companion program provides grants to pay persons 60 years of age and older for volunteer service to meet community needs (i.e., providing supportive, individualized services to help adults with special needs maintain their dignity and independence). Costs of \$24,653 and \$28,079 were questioned because volunteers were ineligible due to age or income and, in some cases, did not have the required documentation to verify eligibility.

We recommended that volunteer files be updated to include documentation showing which volunteers are eligible and ensuring that all annual verifications are completed as required.

During the audit period the District established a procedures manual specifically for the Senior Companion Program. The District also developed a system, on a county-by-county basis, whereby all senior companions have the annual requirements completed to ensure compliance with eligibility for the program. **Status: CLOSED**

AGENCY RESPONSE. The District has reviewed the report and is in general agreement with its contents.

FINANCIAL SUMMARY. The District receives its funding from a General Fund appropriation, federal grants, county funding, and fees for services. The cash basis financial operation of the District for fiscal years 2002 and 2003 follows.

Public Health Trust Fund
Fund 0290 – Cash Basis Financial Statement

	<u>FY 2002</u>	<u>FY 2003</u>
General Fund Appropriation	\$1,468,092.00	\$1,375,900.00
Federal Grants	365,696.54	3,042,004.43
County Grants	1,228,041.44	1,291,963.27
State Grants	2,286,512.26	288,879.42
Fees, Donations, and Miscellaneous Revenue	<u>3,756,760.47</u>	<u>3,828,558.14</u>
Total Receipts	<u>\$9,105,102.71</u>	<u>\$9,827,305.26</u>
Less:		
Personnel Costs	\$6,013,686.22	\$6,301,320.30
Operating Expenditures	2,400,166.26	2,740,066.82
Capital Outlay	<u>194,093.07</u>	<u>191,273.76</u>
Total Disbursements	<u>\$8,607,945.55</u>	<u>\$9,232,660.88</u>
Cash Increases (Decreases)	\$497,157.16	\$594,644.38
Beginning Cash Balance (Restated 2002)	<u>1,134,977.42</u>	<u>1,632,134.58</u>
Ending Cash Balance	<u><u>\$1,632,134.58</u></u>	<u><u>\$2,226,778.96</u></u>

Idaho Millennium Income Fund
Fund 0499 – Cash Basis Financial Statement

	<u>FY 2002</u>	<u>FY 2003</u>
State Grants and Contributions	<u>\$67,994.00</u>	<u>\$69,058.00</u>
Total Receipts and Contributions	<u>\$67,994.00</u>	<u>\$69,058.00</u>
Less:		
Personnel Costs	\$35,612.11	\$36,445.27
Operating Costs	36,881.25	17,053.57
Transfers Out to Millennium Fund	<u>8,946.64</u>	<u>0.00</u>
Total Disbursements	<u>\$81,440.00</u>	<u>\$53,498.84</u>
Cash Increases (Decreases)	(\$13,446.00)	\$15,559.16
Beginning Cash Balance	<u>13,446.00</u>	<u>0.00</u>
Ending Cash Balance	<u><u>\$0.00</u></u>	<u><u>\$15,559.16</u></u>

OTHER ISSUES. We discussed other less important issues which, if changed, would improve internal control, ensure compliance, or improve efficiency.

This report is intended solely for the information and use of the Panhandle Health District (I) and the Idaho Legislature and is not intended to be, and should not be, used by anyone other than these specified parties.

We thank the director, Jeanne Bock, and her staff for their assistance and cooperation given to us during this audit.

QUESTIONS CONCERNING THIS AUDIT SHOULD BE DIRECTED TO:

Ray Ineck, CGFM, Supervisor, Legislative Audits

Eugene Sparks, CPA, CGFM, Managing Auditor

Report OP95103

For a copy of the entire audit report , contact Legislative Services Office, Audit Division, State Capitol Building, 700 W. Jefferson Street, P.O. Box 83720, Boise, Idaho 83720-0054, or call 208-334-3540.